UNIVERSITY OF WARWICK

INSTITUTE FOR EMPLOYMENT RESEARCH

TRAINING IN GLOUCESTERSHIRE: A BASELINE STUDY

FINAL REPORT

by

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EXECUTIVE SUMMARY

Aim of the Study

- The *aim* of this research study was to gather and analyse information on *training* and *TEC awareness*, in order to establish a *baseline* against which Gloucestershire TEC can evaluate its effectiveness.

Framework

- The study has 3 main elements:-
  1. A profile of employer led training in Gloucestershire.
  2. An assessment of *local employer training needs and practices* and *TEC awareness.*, involving:-
     - a *postal survey* of 1500 establishments (response rate 30 per cent), disaggregated by size band, covering topics such as:
       - establishment details,
       - occupational structure of the workforce,
       - recruitment policies and practices,
       - current involvement and investment in training,
       - TEC awareness.
     - *in-depth interviews* with 35 employers, covering topics such as:
       - the business environment,
       - skills requirements,
       - training strategy/plans,
       - TEC activities.
  3. Analysis and policy recommendations.

Key Features of the Gloucestershire Economy

- In recent years the Gloucestershire economy has been one of the most dynamic and prosperous in Britain, displaying a lower than average incidence of unemployment.

- Relative to the national average, the engineering and electronics sectors - related in large part to the defence and aerospace industries, are particularly important.

- Greatest employment growth in the 1980s occurred in other services and distribution, catering and associated industries.

- While the majority of establishments in Gloucestershire have few employees, there are a number of large establishments which contain a disproportionate share of employment.

- Large establishments in Gloucestershire tend to employ relatively more male full time employees and fewer female part time employees than either small or medium sized establishments.

- The proportion of employment identified by employers as being of people with disabilities was extremely small, less than one per cent of employment.

- Less than one percent of employment was identified as being of ethnic minorities.

- The proportion of establishments controlled from within Gloucestershire declines from 85 per cent of small establishments to 45 per cent of large establishments.

- Recruitment difficulties have become less severe with the onset of recession, and this may diminish the incentive for employers to undertake training. The impact of recession has been most pronounced on large and medium size establishments.

Training

- An analysis of the *incidence* of training revealed that:-
  - no training is undertaken at a substantial proportion of establishments,
  - small establishments are more dependent on recruitment of staff trained elsewhere than large establishments,
  - much of the variation in the incidence of training between large and small establishments is accounted for by induction training,
  - about 1 in 3 employees in small and medium sized establishments received on-the-job training in the past 12 months; only 1 in 6 received such training in large establishments,
  - around a quarter of all employees (less in small and more in large establishments) received some off-the-job training in the past 12 months,
  - *off-the-job* training is particularly important for managerial and professional occupations, while *on-the-job* training is more important for other occupational groups.

- On-the-job training tends to be of shorter *duration* than off-the-job training.

- The great majority of small establishments, and half of all medium sized establishments have no manager with a major responsibility for training.

- Formal training programmes and evaluation systems are mainly found in large establishments.

- There are wide variations in *training expenditure*, both within and between establishment size bands.

- Medium sized establishments spend less per trainee than either small or large establishments.

- The levels of *training expenditure per employee* (a measure of the *extent* of training) and *training expenditure per trainee* (a measure of the *depth/quality* of training) are approximately twice as high in large establishments as in small establishments.

- The TEC is likely to face problems in *monitoring* and *comparing* the costs of training over time, because of widespread variations in the practice of including/excluding certain items in the calculation of costs, and the difficulties some establishments face in providing information on training budgets.

- There would appear to be a role for the TEC in providing *good practice guides* on *costing training*; alongside an *evaluation* guide - which could be used by the TEC/managers/others to demonstrate the *effectiveness* of training in a cost-benefit context.

Changing Business Environments

- There has been widespread change in the external and internal business environments within which organisations operate; only in a few of the older, more traditional industries has there been a relative absence of change.

- Common trends in the business environments within which organisations operate include:-
  - an increasing emphasis on customer care,
  - the impact of legislative changes,
  - a renewed emphasis on training.

  The interactions of various trends and associated responses in specific organisational contexts means that it is very difficult to categorise employers into a small number of identifiable types.

Skills Requirements

- The majority of organisations have experienced changes in their skills requirements over the last five years and expect a continuation of similar processes over the next five years.

- The over-riding emphasis is on meeting new skills requirements through training existing staff, rather than through widespread hiring and firing.

- The majority of employers identified some current skills gaps, and it is likely that such gaps/shortfalls will become increasingly widespread and severe in an economic upturn.

Training Strategies, Needs and Evaluation

- Nearly three-quarters of organisations represented in the in-depth interviews had a *formal training strategy*, but there was a substantial range of experience as regards the nature and sophistication of the strategy.

- There is considerable diversity between organisations in the way in which the training strategy is developed and who is involved.

- The most frequently cited *factors in shaping training strategies* were:-
  - *external business factors* (notably customer requirements),
  - *internal business factors* (notably profit margins),
  - the *training culture* of the organisation.

- There is a perceived need for, positive attitudes towards, and recognition of the benefits of, training.

- There is considerable diversity, and varying degrees of formality, in methods of identifying current and future training requirements, and in whether and how training is costed and evaluated.

TEC Awareness and Activities

- Nearly 70 per cent of employers surveyed were aware of the existence of the TEC, but awareness levels decline with establishment size. Moreover, the extent of familiarity with TEC activities declines with establishment size.

- Large employers are most likely to have seen *adverts/literature* about Gloucestershire TEC. *Mailshots* and *local newspapers* had the greatest penetration rates.

- 20 per cent of employers thought the TEC would have some impact on their training activities.

- Of those employers aware of the existence of the TEC, many only had a general knowledge of the remit of, and services provided by, the TEC; while others demonstrated an inaccurate or incomplete understanding.

- There is a need to *improve specific knowledge of TEC activities*. It is recommended that *information* about the TEC and its role, and about TEC activities and services, is presented in a single booklet.

- There would appear to be a niche for the TEC in acting as a *central point* for information on training sources/activities/courses available.

Recommendations

- It is recommended that the TEC publish, publicise and circulate to employers a number of *good practice guides* on key themes/issues of common interest.

- It is recommended that an *Employer Panel* (comprising 100 of the respondents to the postal survey and/or participants included in the in-depth interviews - representing all parts of the county, all establishment size bands and broad industry groups) be set up to assist in the monitoring of future training developments and the evaluation of TEC awareness and activity in the county. Information on key indicators would be collected by means of a simple postal questionnaire sent to members on an annual basis.

- It is recommended that a *Training Forum* should be established to promote a wide ranging debate on employer investment in training, and other key policy decision areas of mutual concern, in order to inform policy formulation and review. It is recommended that the Training Forum meet 2-3 times per year. Membership should be drawn from:-
    - local employers,
    - Gloucestershire TEC,
    - training providers,
    - professional associations,
    - trade union representatives,
    - central/local government representatives.

1. INTRODUCTION

1.1 Background to the Study

Gloucestershire Training and Enterprise Council (TEC) has a remit to stimulate economic prosperity in Gloucestershire by becoming the focal point for training and enterprise. Within this remit, one of the main strategic objectives is "to enhance economic growth and competitiveness by encouraging more new and established businesses in Gloucestershire to plan and train for future business needs".

The TEC contracts with the Employment Department to deliver an agreed agenda for training and development within the county. In order to evaluate its effectiveness in achieving its plans, the TEC requires definitive information on the ***baseline*** from which it is starting. The ***aim*** of the research reported here was to gather and analyse such information in order to establish this baseline.

1.2 Objectives

The specific objectives of the research may be aggregated into two broad groups: first, ***training-related*** *objectives*; and secondly, ***TEC awareness*** *objectives*.

More specifically, the ***training-related*** *objectives* were:-

- to establish *current levels* of employer investment and involvement in training;
- to establish the nature and extent of the business *planning* process in relation to investment and involvement in training;
- to establish the extent to which current training activities and associated planning processes *relate to future business needs*;
- to recommend a *methodology*, *framework* and *specific measurable indicators* of temporal changes in:
  - levels of employer investment and involvement in training,
  - nature and extent of planning in relation to training,
  - relationship of training to future business needs;
- to establish a *methodology* and *framework* for *assessing the role of the TEC* in temporal changes in the quantity, nature and planning of investment and involvement in training;
- to recommend how the TEC might best encourage businesses in Gloucestershire to increase investment and involvement in training in relation to future business needs;
- to establish how employers assess training needs and plan provision in relation to new recruits and the established workforce.

The specific ***TEC awareness objectives*** were:-

- to establish indicators of the current level of employer awareness of the TEC and TEC activity;
- to develop a methodology and framework for establishing change in levels of employer awareness of the TEC and TEC activities over time;
- to formulate a methodology and framework for establishing the key factors affecting temporal changes in levels of employer awareness of the TEC and TEC activities.

1.3 Structure of the Report

The different elements in the *methodology* used in the project are outlined in Section 2. In Section 3 a *profile* of *employment and establishments in Gloucestershire* is presented, drawing upon data from secondary sources and information collected in the postal survey of establishments. Baseline *training indicators* derived from survey responses are outlined in Section 4. In Section 5 findings emerging from the *in-depth employer interviews* are discussed. Baseline statistics on *TEC awareness* are presented in Section 6, along with information on the types of activities in which employers would like the TEC to become involved. *Key issues* arising from the study are collected together in Section 7, and an *action plan* is presented in Section 8.

2. METHODOLOGY

2.1 Framework

The study reported here has 3 main elements:-

- A profile of employer led training in the Gloucestershire labour market.
- An assessment of local employer training needs and practices and TEC awareness. This involved:-
  - a postal survey of 1500 local employers;
  - in-depth interviews with 35 employers;
  - recommendations for the establishment of an Employer Panel for future monitoring purposes.
- Analysis and policy recommendations.

The ***profile of employer led training in Gloucestershire*** represents an attempt to draw together relevant information already in existence about *labour market characteristics and trends* in Gloucestershire and *employer led training*. Secondary sources such as the Labour Force Survey (LFS), the Skills Monitoring Survey (SMS), the Youth Cohort Study (YCS), together with employment, unemployment and demographic information from the National Online Manpower Information system (NOMIS), and local government sources, and data from the postal survey are synthesised in Section 3 to provide a profile of the Gloucestershire economy.

The ***assessment of local employer training needs and practices and TEC awareness*** was achieved through a *postal survey of 1500 local employers* - concerned with collecting information on basic establishment details, recruitment, scope of training, costs of training, and TEC awareness (see Section 2.3 for further details). The postal survey was supplemented by *in-depth interviews with 35 employers* - designed to collect qualitative information on the nature of decision processes surrounding the planning of investment in training, the choice of training strategies, the relative importance of factors internal and external to the firm in influencing the amount and form of training undertaken, and TEC awareness. A number of employers with whom in-depth interviews are likely founder members of an *employer panel*, to be established for future monitoring of employer training in the TEC area and the evaluation of TEC policies.

Analysis and policy recommendations arising from the baseline study are to be shared with key agents in the local economy through the setting up of a *Training Forum* - comprising key local companies, employer representatives, trade union representatives, Gloucestershire TEC, training providers, and central/local government representatives. The purpose of the Forum is to promote a wide ranging debate on the findings of the study, and associated policy issues (see Sections 7 and 8).

2.2 The Derivation of a Population of Employers for Use as a Sampling Frame

The first major task was to derive a population of employers for use as a sampling frame in subsequent survey work. Ideally a sampling frame should be comprehensive and up-to-date, and it should be capable of enabling disaggregation by *sector*, *location* and *establishment size*.

Since, no single comprehensive database of employers in Gloucestershire was available, data two main data sources containing information on establishments in Gloucestershire were explored and evaluated:-

- The Gloucestershire County Council Central Register of Employers (CRE).
- The British Telecom Connections in Business (BT CIB) Database.

The *CRE* is held by the County Council Planning Department and is used by various departments within the County Council for employer surveys. In June 1991 the database held between 18,000 and 19,000 employer records. Approximately 13,500 records contained a 4-digit (Activity Heading) *SIC* code, and a *postcode* (in other instances only partial address information was available). *Telephone numbers* were provided on between 8,000 and 10,000 employer records. *Contact names* were available in most instances; in the case of a small business the individual identified was usually the proprietor/director, but for larger companies it was usually the managing director. The database manager described the database as primarily a *goods and commercial services database*, and it was decided that a random sample taken from those records for which full information was provided would not reflect the industrial/size structure of overall employment in the county.

The *BT CIB database* contains *employer name*, *address*, *postcode*, *telephone number* and *SIC* code information on all employers listed in Yellow Pages. Employing establishments are coded into the following 3 *size bands*:-

- Small: 1-24 employees;
- Medium: 25-199 employees;
- Large: 200+ employees.

In Gloucestershire the number of establishments in each size band was as follows:-

- Small: 11,051;
- Medium: 714;
- Large: 81.

In addition, approximately 5,000 establishments were not coded by size band - making approximately 17,000 establishments in all.

It was decided to use the BT CIB database to derive a *population of employers* for use as a sampling frame, on the basis that it provided more comprehensive, up-to-date and unbiassed information than the CRE.

Gloucestershire TEC arranged for a *random sample* of establishments from the BT CIB database to be forwarded to IER in *hard copy* form, as follows:-

Small:	1,105 establishments (sampling fraction: 10%)
Medium:	357 establishments (sampling fraction: 50%)
Large:	81 establishments (sampling fraction: 100%)
unknown:	500 establishments (sampling fraction: 10%)
TOTAL:	*2,043* establishments

2.3 The Postal Survey

The questionnaire was designed to cover the following topics:-

- organisation details: place in company structure, age, location;
- type of activity: industry and product;
- structure and level of employment by skill category, part-time/full-time (PT/FT), gender, ethnic origin, disability;
- recruitment in the last 12 months by skill category;
- labour/job turnover;
- skill shortages/recruitment difficulties by job titles;
- recruitment policies and practices;
- actual and likely strategies for dealing with skill shortages/recruitment difficulties;
- current involvement and investment in training: amount and form;
- levels of on-the-job/off-the-job training;
- training providers;
- knowledge and awareness of the Gloucestershire TEC;

(A copy of the postal questionnaire is included in Appendix A).

A *pilot postal questionnaire* was sent to a sample of 50 from the random sample of

2,043 establishments. This initial sample of 50 was distributed as follows:-

small:	20 establishments
medium:	20 establishments
large:	10 establishments

The response rate for the pilot postal questionnaire was 40 per cent. After assessment of responses to the pilot, and suggestions from the TEC regarding additional topics for inclusion, some minor changes were made to the postal questionnaire before the full mailing.

The total of 2,043 establishments was scaled down to 1,500 for the purpose of mailing the finalised postal questionnaire, as follows:-

small:	774 establishments (sampling fraction: 7.0%)
medium:	286 establishments (sampling fraction: 40.0%)
large:	61 establishments (sampling fraction: 76.0%)*
unknown:	379 establishments (sampling fraction: 7.6%)
TOTAL:	*1500* establishments

* Since 20 *large* establishments were sent pilot questionnaires, this represents 100% coverage overall of such establishments.

The *first mailing* of *finalised postal questionnaire* was undertaken in late August/early September. A *second mailing* to all non-respondents was undertaken in early/mid October. Due to a shortage of time, it did not prove possible to undertake a full telephone follow-up of non-respondents after the second mailing.

However, a *limited telephone survey of non-respondents* was undertaken in mid November, involving 100 randomly selected employers, drawn from the 3 size bands, as follows:-

- 15 large employers,
- 25 medium employers,
- 60 small employers.

The aim of this survey was to ascertain whether there was anything special/different about non-respondents. Topics covered in the survey were:-

- confirmation of establishment/company/location details,
- whether the establishment was in business (i.e. producing goods and services),
- activity/industry,
- number of workers in June 1991,
- whether training was undertaken at the establishment,
- reason for not responding to the postal questionnaire.

Of the 15 large employers contacted, all were still trading at the same address. All undertook some form of training - usually off-the-job training. The two main reasons given for not completing and returning the questionnaire were that they were *too busy* and the questionnaire was *too complicated*. At the other end of the spectrum, 7 per cent of small employers could not be contacted because the telephone number included in the employer database was unobtainable/out of order. A further 5 per cent had changed their address. One-third of the small employers undertook some form of training. Many of those undertaking training responded that they were *too busy* to complete and return the questionnaire. Over one-quarter of the small employers said that they considered the questionnaire *irrelevant* (a large proportion of these did not undertake training).

This limited follow-up survey suggests that there is nothing so distinctive about the non-respondents that analyses based on those responses received are likely to be unduly biassed.

Final *response rates*, disaggregated by employer size, are shown in Table 2.1. The *overall* response rate was just under 30 per cent, with a somewhat higher response rate amongst large and medium employers, and a lower response from small employers.

Approximately 4 per cent of postal questionnaires were uncompleted because the firm was not known at the postal address identified on the employer database, or had ceased trading/closed down/moved away. As expected, a higher proprtion of small employers fell into this category. The refusal rate was 6 per cent.

Table 2.1

Analysis of postal questionnaire responses

Code: Response	Large	Medium	Small	No size	All
Total mailed	81	285	774	378	1518
0: No response	48	176	493	228	945
1: Firm not known at this address	0	1	26	8	35
2: Firm ceased trading/ closed/moved away	2	4	18	7	31
(1+2)	2	5	44	15	66
((1+2) / total mailed) x 100.0	2.5%	1.8%	5.7%	4.0%	4.3%
3: Completed questionnaire this address	26	94	193	99	412
3 / (total - (1+2)) x 100.0	32.9%	33.6%	26.4%	27.3%	28.4%
5: Refusal	3	8	41	33	85
5 / (total - (1+2)) x 100.0	3.8%	2.9%	5.6%	9.1%	5.9%

Use was made of IER's in-house computer-assisted data entry facilities (thereby minimising clerical errors in transferring data from hard copy into computerised form). The data were analysed using statistical packages available on the University of Warwick mainframe computer.

2.4 In-Depth Employer Interviews

The following *topics* were covered in the in-depth interviews:-

- the business environment (*external* and *internal*),
- skills requirements,
- training strategy/plan,
- identifying training needs, appraisal of training proposals and evaluation,
- TEC activities.

The schedule designed for in-depth interviews in Gloucestershire (see Appendix B) drew partly upon the case study interview schedule used by PIEDA in a study undertaken on behalf of Avon TEC; (so as to enhance comparability between the Gloucestershire and Avon studies). When arranging interview appointments the scope of the topics to be covered in the interview was outlined, and an appointment was made with the most relevant individual at each establishment. Time taken for completing an in-depth interview ranged from one hour to over three hours, with just under two hours being the norm.

Thirty-five in-depth employer interviews were undertaken. Twenty-five employers were selected at the outset from the sample of employers included in the postal survey, by:-

- dividing employers in the *large* and *medium* size categories into 5 broad industrial groups, and setting *targets* for each (so as to obtain a mix of industrial types);
- setting a *target* within each industrial category;
- setting a *target* of 3 employers in the *small* size category (this category was not disaggregated by industry).

(For further details of the industrial groups, and a full list of employers interviewed in-depth see Appendix C). In selecting the employers to be approached in order to achieve twenty-five completed interviews, reference was made to general guidelines provided by the TEC on individual employers, and types of employers, to be included among the respondents.

The remaining ten employers (to make up a sample of thirty-five) were selected from respondents to the postal survey. The main selection criteria were comprehensive completion of the postal questionnaire, provision of interesting data (e.g. recent expansion of activity) and ensuring coverage of a range of experience/practice with respect to training. At least two small employers were included amongst the ten employers selected.

3. PROFILE OF EMPLOYMENT AND ESTABLISHMENTS IN GLOUCESTERSHIRE

3.1 Introduction

The Gloucestershire economy has been one of the more dynamic and prosperous in Great Britain. While the county is part of the South West Region, it is located at the North-eastern end of the region and has strong economic links with both the South East and the West Midlands regions. The county has been in a position to share in the economic prosperity and employment growth that was experienced by these neighbouring regions during the post-war period. Four of the five Travel-to-Work Areas (TTWAs) which fall within the Gloucestershire TEC area (Cheltenham, Cirencester, Gloucester, and Stroud) have been identified as having the characteristics of '*High Status Growth Areas*' in a typology of local labour markets within England and Wales; the remaining TTWA which falls partly within the Gloucestershire area (Cinderford and Ross-on-Wye) was identified as an example of a 'Manufacturing Dominated Area' (Green, Owen, and Hasluck, 1991). Although the Gloucestershire economy has not been immune to the effects of the 1990 recession - indeed the number of unemployed has risen rapidly between 1990 and 1991, the unemployment rate in the county and its consituent TTWAs remains significantly below the national average.

3.2 Employment

Although the South West region in general has a below average dependence upon manufacturing industry, the reverse is true of Gloucestershire. Table 3.1 shows the broad industrial distribution of employees in employment in the county in 1989 - the last year for which Census of Employment data is available at the local level - and for Great Britain. The Table indicates that it is the metal manufacturing sector which is over represented in the employment structure (more than 50 per cent above the national average). Of particular importance are the engineering and electronics sectors, which are to a considerable extent related to the defence and aerospace industries.

Table 3.1

The industrial distribution of employees in employment in Gloucestershire and Great Britain, 1989

Industry	Gloucestershire: Number of Jobs	per cent	Gt Britain per cent
Agriculture	5100	2.3	1.4
Energy/Water	5100	2.3	2.0
Extraction	6400	2.9	3.0
Metal Goods	35300	16.0	10.6
Other Manufacturing	17500	7.9	9.6
Construction	8700	3.9	4.6
Distribution	45600	20.6	20.3
Transport	9600	4.3	6.0
Banking	26200	11.8	12.1
Other Services	61400	27.8	30.4

Source: Census of Employment, 1989

While above average employment in manufacturing is a distinctive feature of the county economy, it remains the case that such employment represents only a minority of jobs. By far the largest sector of employment is Other Services, with Distribution and Catering not far behind. Together these two industrial divisions account for nearly half of all employment in the area. Banking, Insurance and Finance, another major sector of employment in Gloucestershire, together with Distribution and Catering, represented the two sectors with the fastest growth in employment during the late 1980s.

Neither the number of employers nor the number of establishments in Gloucestershire is known with any precision. Estimates based upon the number of records held in the British Telecom CIB database and the Gloucestershire County Council's CRE (see Section 2.2 for details of these sources) suggest a figure of between 17-18 thousand establishments, whereas the 1989 Census of Employement identifies just over 13 thousand employer units. Table 3.2 provides a break-down of the Census figure by number of employees, giving an indication of the size distribution of establishments in the area.

Table 3.2

Size of employer units in Gloucestershire

Units	No. of Employees
6180	1 - 4
3404	5 - 10
1940	11 - 24
827	25 - 49
390	50 - 99
178	100 -199
61	200 -299
33	300 -399
15	400 -499
12	500 -749
6	750 -999
5	1000 -1499
2	1500 -1999
4	2000 -4999
0	5000 &over
13070	All

Source: NOMIS

As is generally the case, the size distribution of employer units is extremely skewed. The vast majority of employers fall within the small size bands; they will, however, only employ a small proportion of all employees. There are a number of very large employers in the area, with 11 employing more than 1000 employees.

3.3 Establishments in the Sample

The postal survey of employers in Gloucestershire was based upon a sample of 1500 establishments, drawn at random from each of three size bands and from a group of employers for whom no size was known. This generated an achieved sample of 412 establishments. Since the original sample is relatively small, quite large sample variations might be expected. Furthermore, differential response rates may bias the characteristics of the sample away from those of the population of establishments as a whole. It is therefore important to take account of the characteristics of the sample establishments when assessing the results of the survey. The achieved sample of 412 establishments consists of the following numbers in each of three size bands:

		Establishments	Employees
1.	Small establishments (1-24 persons employed)	288	1744
2.	Medium establishments (25-199 persons employed)	99	6387
3.	Large establishments (200 or more persons)	25	11920

Table 3.3 describes the structure of employment in the sample by size of establishment, gender and by full or part time employment status. The employment structures of small and medium sized establishments are both remarkably similar. However, in large establishments male full-time employment is relatively much more important, while female part-time employment is less important. In view of the larger levels of employment in large establishments, it is clear that such large establishments dominate the full time employment of males.

Table 3.3

Employment structure by size of establishment, gender and full- and part-time status

per cent

	Size of establishment		
	Small	Medium	Large
Male, full time	45	45	68
Female, full time	27	27	21
Male, part time	4	4	2
Female, part time	25	23	10
All employment	100	100	100

Table 3.4

Percentage of employees who are disabled or members of ethnic minority groups

	Size of establishment		
	Small	Medium	Large
Disabled employees	0.6	0.4	0.7
Asian or Black employees	0.8	1.4	0.7

The survey gathered information on the employment of two key policy groups: the disabled and ethnic minorities. This information was collected at an occupational level of disaggregation. However, the numbers of people in either group in the sample establishments was extremely small, less than 100 in all occupations in each size band. The proportions that these groups contribute to total employment is shown in Table 3.4. In view of the very small numbers no further analysis of these groups has been attempted.

Table 3.5 describes the industrial distribution of establishments in the sample. Small establishments are mainly located in the distribution, banking, other services, and construction industries. Other services are increasingly important as the size of establishment increases and account for just under half of all establishments in the large size band. Metal manufacturing establishments are also concentrated in the large establishment size band.

The level of employment in establishments within each size band is extremely skewed, with most establishments located towards the lower end of their respective size range. Summary measures of these skewed distributions can be misleading; this is particularly the case with the mean level of employment which is affected by one or two establishments at the upper end of the size range. For this reason Table 3.6 describes the average size of establishments in each size band by occupational group in terms of the *median*, that is the level of employment which divides the distribution in half. The figures in Table 3.6 show levels of employment such that 50 per cent of employers have the indicated level of employment or less. The differential employment of occupational groups can be seen from the Table; the main employers of operatives are large establishments with the average number of operatives being twice that of any other occupational group.

Table 3.5

Industrial distribution of sample establishments, Gloucestershire 1991

	Size of Establishment		
	Small (%)	Medium (%)	Large (%)
Agriculture	8.3	-	-
Energy/Water	-	-	-
Minerals	1.4	2.0	4
Metal Goods, Engineering,	4.5	9.1	24
Other Manufacturing	4.2	11.1	-
Construction	10.8	6.1	-
Distribution	32.6	23.2	20
Transport	2.4	6.1	4
Banking	20.1	8.1	4
Other Services	15.6	34.3	44
Total	100	100	100

Table 3.6

Size of employment by occupational group and by establishment size

median number of employees
per establishment in each occupational group

	Size of Establishment		
	Small	Medium	Large
Managers/Admins	1	4	30
Professional Staff	2	5	26
Technicians etc.	2	3	28
Clerical/Secretarial	1	4	44
Craft/Skilled	2	12	32
Sales	2	4	15
Operatives	1	19	92
Unskilled	1	7	40

Table 3.7

The organisational position of sample establishments

number
(per cent)

	Size of Establishment		
	Small	Medium	Large
Sole Establishment	213 (74.0)	35 (35.4)	6 (24.0)
Headquarters of larger organisations	16 (5.6)	18 (18.2)	7 (28.0)
Regional/Divisional headquarters with branches reporting to it	8 (2.8)	10 (89.9)	5 (20.0)
An operating establishment with no branches reporting to it	44 (15.3)	33 (33.3)	7 (28.0)
Not known	7 (2.4	3 (3.0)	-
Total	288 (100.0)	99 (100.0)	25 (100.0)

Table 3.8

Location of headquarters of establishments included in the sample (including sole establishments)

number of establishments
(per cent)

	Size of establishment Small	Medium	Large
At sample establishment (in Gloucestershire)	229 (79.6)	53 (53.6)	13 (52.0)
Elsewhere in Gloucestershire	19 (6.6)	12 (12.1)	2 (8.0)
Elsewhere in UK (outside of Gloucestershire)	32 (11.1)	26 (26.3)	9 (36.0)
Based Abroad	1 (0.3)	3 (3.0)	1 (4.0)
Not known	7 (2.4	5 (5.1)	-
Total	288 (100)	99 (100)	25 (100)

The great majority of small establishments are sole establishments (in which case the establishment and the firm are synonymous). This is indicated by Table 3.7. However, as might be expected, the proportion of sole establishments decreases in the medium and large establishment size bands. Only a quarter of large establishments are sole establishments, while just over a quarter of large establishments are headquarters of larger organisations. Approximately half of all large establishments are branches of a larger organisation. Table 3.8 indicates the location of control of the establishments in terms of the location of the company headquarters. The significant observation to make from this Table is that the proportion of establishments controlled from within Gloucestershire declines from around 85 per cent of small establishments to about 45 per cent of large establishments. As indicated in later sections, the location of corporate headquarters functions outside the local area may have implications for decisions about training.

3.4 Skill Shortages

A recent study of the spatial distribution of skill shortages, based upon the 1990 Skills Monitoring Survey (SMS), suggests that the combined Gloucestershire, Avon and Wiltshire TEC area exhibited the fourth highest incidence (out of 24 TEC areas), of recruitment difficulties (Green and Hasluck, 1991). The main reason for such difficulties were identified as being the high level of competition amongst firms for suitably qualified people leading to a shortage of suitably qualified applicants. The SMS gathered data during late 1989-early 1990 and therefore reflected the labour market conditions of that time. The present survey of establishments suggests that recruitment problems are no longer so pressing. Between 12 and 14 per cent of large and medium sized establishments indicated that they expected a shortage of skilled or qualified recruits to limit their output or the quality of their work. Among small establishments, only 4 per cent indicated that they felt that such shortages would have an impact over the 12 months from August-

September 1991. Insofar as training is a response to a tight labour market and recruitment difficulties, then the recession of 1991 and the general lack of any expectation of future shortages may be expected to diminish the incentive of establishments to undertake training activities.

Table 3.9

Employment change by size of establishment, 1990-91

Percentage of firms experiencing decline, no change or growth

	Size of Establishment			
	Small	Medium	Large	All
Employment Decline	18	42	52	26
No Change	67	22	24	54
Employment Growth	15	36	24	21

Many respondents (and non-respondents) mentioned the severity of the 1991 recession for their business. While recession is undoubtedly a feature of the labour market in 1991, it should not be assumed that all firms experience it in the same way. Table 3.9 indicates that a large proportion, albeit a minority, experienced some employment growth over the period June 1990-June 1991. Large and medium establishments appear to have been more badly affected by recession than small establishments. One consequence of this is that pressure on the supply of key skilled occupations has ceased - for the time being at any rate.

4. RESULTS OF THE SURVEY OF TRAINING

4.1 Introduction

The survey of training in Gloucestershire collected a range of information about the nature of the surveyed establishments, their employment and the training carried out in those establishments. This Section is concerned with the evidence from the survey relating to the extent and incidence of training among establishments and a number of other matters relating to the cost and management of the training function. A great deal of information about establishments and training matters was collected. Many different analyses of this information are possible; this Section focuses upon *key indicators of training* and the identification of *policy issues*.

4.2 The Incidence of Training

Although there have been a number of national studies of training, notably the 1987 study *Training in Britain* (Training Agency, 1989), there is less evidence relating to local labour markets and the variations that are thought to exist between localities. However, on the basis of national studies it might be expected that there will be considerable differences between establishments of different size, between different types of organisation and between different occupations. Tables 4.1 to 4.3 summarise key information from the Gloucestershire survey relating to the incidence of training by size of establishment and by occupation. The Tables indicate for each occupational group, the proportion of employers who undertake different forms of training. Respondents may also indicate that staff are recruited fully trained, the job requires no training or that no training is given.

The Tables reveal some interesting patterns in the incidence of training. In all occupations, a substantial proportion of establishments undertook *no training* of staff. The reasons for this varies between occupational groups. In the case of management and senior administrative occupations, technical and, particularly, professional occupations, staff are frequently regarded as fully trained upon appointment. It is notable, however, that the proportion of establishments which regard staff as being already trained declines as establishment size increases. This suggests that smaller establishments are more dependent upon the recruitment of staff who have been trained elsewhere (and by implication by somebody else). This is particularly the case with managers, professionals and technicians. As many as half of all small establishments employing professional staff regarded them as already trained when recruited. Large establishments, by contrast, seem much less likely to regard recruits as requiring no further training. Between 85 and 90 per cent of large establishments provided further training for skilled white-collar recruits. However, the situation is quite different for less skilled occupational groups and particularly for unskilled 'other occupations'. Among establishments which employ these occupations, a greater proportion provide no training on the grounds that such jobs do not require training - as many as a quarter of all small establishments quoted such a situation in the case of unskilled recruits.

Variations in the proportion of establishments which provide no training may be a misleading indicator insofar as establishments which provide a minimal induction programme upon recruitment will appear to be providing training.[1] A better guide to the extent of training (or lack of it) might be to consider the proportion of establishments which provide some training *on-the-job or off-the-job*. This cannot be measured directly because firms may simultaneously provide several types of training and therefore must be inferred from the proportion which provides no training (for whatever reason) plus induction only training. Measured in this way, the extent of training by establishment size is as shown in Table 4.4. The notable feature of this Table is that much of the variation between small and large establishments is removed once induction training is taken into account. The Table also suggests that there is considerable variation between occupational groups and that it is not always low skill occupations which receive least training in the establishment.

Table 4.1: Type of Training by Occupational Group; Small Establishments, Gloucestershire, 1991

per cent of employers of each occupation indicating each type of training

	Induction training only	Guidance from college as required	Formal on-the-job training	Formal off-the-job training	Formal training in company training Centre	F.E. College	Staff recruited fully trained	No training required	No training given	Other
Manager/Senior Administrators	7	20	18	9	15	2	28	3	1	7
Professional Occupations	16	35	22	16	22	9	51	4	3	12
Technicians	6	46	21	9	12	39	24	3	6	9
Clerical/ Secretarial	19	32	20	7	10	4	20	4	2	2
Craft & Related Skilled	19	36	30	9	9	20	31	6	1	10
Sales Staff	23	46	36	13	11	1	20	10	3	11
Operatives	19	40	40	9	11	9	16	14	2	16
Unskilled Workers	35	47	27	3	5	8	7	22	3	1

Table 4.2: Type of Training by Occupational Group; Medium Establishments, Gloucestershire, 1991

per cent of employers of each occupation indicating each type of training

	Induction training only	Guidance from college as required	Formal on-the-job training	Formal off-the-job training	Formal training in company training Centre	F.E. College	Staff recruited fully trained	No training required	No training given	Other
Manager/Senior Administrators	17	23	14	23	21	9	29	1	2	5
Professional Occupations	21	32	15	28	19	13	45	0	0	15
Technicians	34	47	32	19	17	30	30	0	0	9
Clerical/ Secretarial	29	45	46	19	14	15	13	1	1	7
Craft & Related Skilled	19	35	51	18	14	19	19	0	4	5
Sales Staff	29	34	41	24	15	0	12	5	0	7
Operatives	41	46	64	23	8	10	8	5	3	3
Unskilled Workers	41	40	44	12	1	9	4	19	3	3

Table 4.3: Type of Training by Occupational Group; Large Establishments, Gloucestershire, 1991

per cent of employers of each occupation indicating each type of training

	Induction training only	Guidance from college as required	Formal on-the-job training	Formal off-the-job training	Formal training in company training Centre	F.E. College	Staff recruited fully trained	No training required	No training given	Other
Manager/Senior Administrators	24	24	29	52	52	19	10	0	0	19
Professional Occupations	29	29	29	64	50	43	14	0	0	36
Technicians	31	23	62	54	38	69	15	0	0	31
Clerical/ Secretarial	25	25	65	50	35	30	10	0	0	0
Craft & Related Skilled	21	29	71	50	29	50	14	7	0	7
Sales Staff	40	30	70	70	50	20	10	0	0	20
Operatives	27	27	80	47	20	20	7	7	0	7
Unskilled Workers	29	43	79	43	7	14	14	14	0	0

Table 4.4

Proportion of Establishments Providing Training (excluding Induction Training) by Occupation

	Small (%)	Medium (%)	Large (%)
Establishments			
Managers/Administrators	61	51	66
Professional	26	34	57
Technicians	61	36	54
Clerical/Secretarial	65	56	65
Craft & Related	43	58	58
Sales Staff	44	54	50
Operatives	49	43	59
Unskilled	33	33	43
Employment			
Managers/Administrators	64	61	76
Professional	47	66	75
Technicians	64	45	37
Clerical/Secretarial	61	74	72
Craft & Related	61	59	71
Sales Staff	50	59	93
Operatives	69	42	59
Unskilled	47	47	40

Turning to training activities, the most important features of Tables 4.1-4.3 are the major importance of *off-the-job training* for managers and professional occupations and *on-the-job training* for all other occupational groups. This is particularly true of large establishments. For instance, more than half of all establishments provide formal off-the-job training for managerial and professional staff. Similarly 80 per cent of establishments provide on-the-job training for operatives (semi-skilled) and the unskilled while the proportion is only slightly lower for craft, sales and clerical employers. The proportions of establishments providing either type of formal training decreases with size of establishment; only about 40 per cent of small employers of operatives provide on-the-job training - about half the figure for large establishments. Training elsewhere than the establishment, either at a company training centre or at a college of further or higher education, is generally not so important as other forms of training except in the case of employers of technicians and clerical/secretarial workers a large proportion of whom use further education colleges to provide training.

Since large establishments employ more people than small establishments, the distribution of training across employees may not be the same as across establishments. Table 4.5 indicates the estimated proportion of people in employment who received different types of training, by establishment size. Table 4.6 shows the average (mean) number of trainees per establishment receiving each type of training.

Table 4.5

Percentage of employees receiving different types of training over past 12 months

per cent

Type of training	Size of establishment Small	Medium	Large
On the job training	34	32	16
Off the job training	14	22	29
Training at College etc.	7	7	4

Table 4.6

Average number of trainees receiving different types of training over past 12 months

Type of training	Size of establishment Small	Medium	Large
On the job training	2	21	75
Off the job training	1	14	140
Training at College etc.	*	5	21

* denotes mean value of less than one person

One surprising indication from Table 4.5 is that while the numbers of people receiving on-the-job training during the 12 months prior to the survey was much greater in large establishments as compared with small and medium sized establishments, the *proportion* of employees receiving such training was much lower . On the other hand, the incidence of off-the-job training clearly increases with size. Only a very small proportion of employees received any training outside of the establishment.

4.3 The Duration of Training

While the proportion of establishments providing training is a measure of the incidence of training, the average number of working days spent in training is a measure of *the duration of training*. Tables 4.7-4.9 show the estimated duration of on-the-job training, off-the-job training and other off establishment training (further education, training consultant, etc).

The measures of duration suggest some differences in the character of different forms of training. On-the-job training tends to be of shorter duration than off-the-job training, although there are significant variations between occupational groups. Technical occupations and operatives, in particular, appear to receive longer spells of on-the-job training and training at F.E. College. By contrast, the training of other occupations appears to be of relatively short duration whatever form it takes.

Table 4.7
Number of Working Days of On-The-Job Training Received by Occupational Group, Gloucestershire, 1991

working days

	Small	Medium	Large
Managers/Administrators	6	22	7
Professional	22	17	19
Technicians	10	22	20
Clerical/Secretarial	5	15	11
Craft & Related	20	9	8
Sales Staff	15	25	12
Operatives	27	10	46
Unskilled	8	8	6

Table 4.8
Number of Working Days of Off-The-Job Training Received by Occupational Group, Gloucestershire, 1991

working days

	Small	Medium	Large
Managers/Administrators	8	8	10
Professional	6	5	9
Technicians	4	25	7
Clerical/Secretarial	3	8	5
Craft & Related	6	12	4
Sales Staff	6	9	11
Operatives	9	5	4
Unskilled	-	3	5

Table 4.9
Number of Working Days of Training Outside Employing Establishment (FE college, training consultant etc.), by Occupational Group, Gloucestershire, 1991

working days

	Small	Medium	Large
Managers/Administrators	14	31	21
Professional	22	10	33
Technicians	34	29	29
Clerical/Secretarial	16	24	18
Craft & Related	15	29	28
Sales Staff	3	3	10
Operatives	-	3	12
Unskilled	32	27	-

4.4 Training Decisions

The patterns of training in establishments will reflect decisions by management about the importance of training, the form it should take and who is to be trained. Many of these key issues are taken up in detail in the Sections which draw upon the results of the in-depth interviews. The survey of establishments also provides information about decision making relating to training and this Section considers this information.

Responsibility for training:

One key indicator of the importance of training to management is whether or not an establishment has a person with major responsibility for training. Table 4.10 indicates the proportion of establishments having such a person. The Table suggests that the likelihood of there being a person with responsibility for training at the establishment increases with size of establishment. Only 1 in 5 small establishments indicated positively that they had a manager with a major responsibility for training, while about half of medium sized establishments, and 4 in 5 large establishments had such a person. A number of small and large establishments did not respond to the question; this may be interpreted as a null response.

Table 4.10
Percentage of establishments employing a person whose major responsibility is training

	Small	Medium	Large
Manager with responsibility for training	21	52	80
No one with responsibility for training	53	47	20
No response	26	1	-

The existence of a formal management strategy for training may be inferred from the existence in an establishment of any form of formal training provision, such as a training budget or staff appraisal. Table 4.11 summarises information from the survey of establishments relating to formal training provision. Again there is a very obvious difference between small establishments and other sized establishments. Nearly half of all small establishments made no formal provisions of the types identified by the survey. Of the remainder, the most likely form of training provision was a formal training programme for staff and a performance appraisal scheme. Only 2 per cent of small establishments indicated that they had a specific training budget while only 1 per cent conducted any form of cost-benefit analysis of training benefits. The situation was quite different in larger establishments. Only 16 and 8 per cent of medium and large establishments, respectively, reported no formal training provision. Most large companies and a majority of medium establishments had a formal training programme; two-thirds and one-third, respectively, had a formal training budget. There is also a significant increase in the monitoring and evaluation of training activity in the larger sized establishments.

Table 4.11

Percentage of establishments which provide different types of training provision

	Small	Medium	Large
A formal training programme	17	59	80
A set budget for training	6	34	68
A set budget for trainee wages	2	9	32
A staff training centre	4	13	36
A performance appraisal scheme	15	53	84
Monitoring/evaluation of training benefits	5	31	60
cost benefit analysis of training	1	16	8
None of these	44	16	8

The absence of a person with major responsibility for training could reflect the position of the establishment in the corporate hierarchy, with training decisions being made elsewhere in the company. In fact, the survey revealed that most decisions made about training in the establishment were made by senior management at the establishment (generally the Personnel Manager) while decisions about individuals and training were more usually taken at departmental or section level. While five large establishments indicated that decisions about the establishment were made elsewhere in the company but the extent of 'outside control' of decisions concerning individuals was negligible.

Monitoring training:

Few small establishments had any formal appraisal of staff performance to guide their decisions on training. Only 10 per cent of small establishments had appraisal systems, as compared to about 40 per cent of medium and over 70 per cent of large establishments; see Table 4.12. In small and medium size establishments such appraisal schemes are applied, if at all, to managerial and senior administrative grades of staff. In larger establishments, staff other than managers were also likely to be covered by appraisal although appraisal occurs more frequently for senior staff. There was little difference recorded in the relative importance of reasons for staff appraisal. To help in determining training needs was seen as being no more important than as a help for promotion, remuneration or to develop succession plans. In fact, in large establishments appraisal of managers was more frequently mentioned in respect of remuneration than any other reason.

Examination of the more specific issue of the assessment of aptitude, ability or personality suggests that around a quarter of all medium and large establishments use such assessments to assist in decisions about recruitment, promotion, training and, to a lesser extent, career planning. However, far less use was made of such assessments in small establishments where their use was mainly confined to recruitment decisions.

Few establishments indicated that they undertook any sophisticated evaluation of training. The form of evaluation is indicated in Table 4.13 (overleaf).

Table 4.12
Percentage of establishments with a formal appraisal system

	Yes	No	No response
Small	10	56	34
Medium	39	49	12
Large	72	8	20

Table 4.13
The percentage of establishments using different types of evaluation of training

	Small	Medium	Large
No monitoring carried out	19	5	-
Assessment linked to career progression	13	43	68
Performance monitored while on training	20	48	48
Discussion with training providers	11	51	68
Discussion with trainees	19	61	76
Other monitoring	8	12	24

4.5 Expenditure on Training

Although the survey collected information about the amount spent on training and other financial information such as the value of turnover and the wage bill, it was readily apparent that many respondents had difficulties with the provision of this information. In many cases no response was given. In other instances it was evident that the figures given were unlikely to relate to the establishment but instead related to the company as a whole. This is probably a reflection of the fact that accounting practices differ dramatically between establishments and affect the way in which the costs of training are calculated. Indeed, some establishments do not have accounting systems which monitor training expenditure at all. In the light of these difficulties - discussed in Section 5 - caution must be exercised in the interpretation and use of training expenditure figures. The low response to these questions make biases very likely. However, as training expenditure is a key indicator of training activity, an analysis of such expenditure is presented below.

The total amount spent on training over the 12 months prior to the survey, varied greatly from establishment to establishment. Some indication of this variation can be gauged from Table 4.14. Clearly, the size of training expenditure depends very much upon the size of establishment. However, the variation is such that some small establishments are spending more in total than low spending large establishments.

Some of the difficulties referred to above are evident in Table 4.14. Moreover, the quality of training is a function of expenditure per trainee rather than gross expenditure. Further analysis of training expenditure was conducted on the basis of per capita expenditure, while the data was 'cleaned up' by eliminating extreme values and other anomalies.

Table 4.14
Total annual expenditure on training

Expenditure	Small (£)	Medium (£)	Large (£)
minimum	35	130	15000
median	950	4000	92000
maximum	35000	75000	1400000

From information provided in the questionnaire, estimates were made of the amount of *expenditure per employee* (a measure of the extent of training) and *expenditure per trainee* (a measure of depth or quality). Table 4.15 provides some summary measures of per capita training expenditures.

Again there is tremendous variation between establishments. It is clear from the expenditure figures that large establishments spend more on average on training even after adjusting for their larger employment levels. The level of expenditure both per employee and per trainee in large establishments is approximately twice that in small establishments.

Table 4.15

Annual per capita training expenditure

Training expenditure	Small (£)	Medium (£)	Large (£)
per employee			
minimum	0	0	0
mean	94	112	183
maximum	2285	1596	1036
per trainee			
minimum	0	0	0
mean	228	253	432
maximum	17500	4286	4164

Tables 4.16 and 4.17 provide estimates of the average expenditure on different types of formal training. The figures relate to the mean expenditure per trainee and per employee in those establishments which carried out this type of training and reported an expenditure figure for each type of training (establishments which did no training of a particular type, no training at all, or which did not report an expenditure figure were therefore excluded).

Table 4.16
Average expenditure per trainees on different types of training

£s per year

Type of training	Size of establishment Small	Medium	Large
On the job training	947	282	1562
Off the job training	1096	379	932
Training at College etc.	3754	2319	512

Table 4.17
Expenditure per employee for different types of training

£s per year

Type of training	Size of establishment Small	Medium	Large
On the job training	325	91	247
Off the job training	149	83	274
Training at College etc.	250	56	22

One very notable feature of both Tables is that expenditure on on-the-job training is much higher in large establishments than in the two other size bands. Interestingly, expenditure per trainee is considerably greater in small establishments than in medium sized establishments. This might reflect higher costs of training for such small establishments or it may reflect the fact that small establishments are not all small businesses and some may possess the characteristics of the larger companies of which they form a part. The highest per capita cost of training is college type training supported by small establishments. This may be furhter evidence of the reliance of small establishments on training undertaken elsewhere than the establishment, or it may simply be a reflection of the considerable sample variation that is likely to arise from small sample numbers.

5. IN-DEPTH INTERVIEWS

5.1 The Business Environment

a. *The external business environment*

Changes in products and markets: The majority of employers interviewed reported that changes in their organisation's *markets* and *products* had led to developments and changes in human resource development (HRD) activities. In only three out of the thirty-five interviews conducted were no significant changes in the external business environment idenified. Some organisations had been affected by *product* changes only or *market* changes only.

The three most frequently identified changes were:-

- the *widening of markets*;
- *changes in products* - with a particular emphasis (in most instances) on repackaging, redesigning, and enhancing existing products and services, rather than widespread introduction of completely new product lines;
- the *increasing complexity* of products/services provided.

Underlying reasons for changes:-

- The *need to meet customer requirements* emerged as the single most important reason underlying these changes.
- There was a growing awareness of the need to provide *quality* goods and services and a widespread commitment to the ethos of *total quality control*.
- In a context of *increased competition* there had been widespread adoption of BS 5750, and a number of interviewees voiced a firm belief that organisations which do not have this will forego business opportunities in the short- and medium-term.
- *Legislative changes* had also had an important impact across all industrial sectors and size categories - with a number of large companies mentioning specifically the impact of European legislation. However, it was in the *public sector* that actual and possible legislative changes emerged most clearly as key issues; in particular, there was an air of uncertainty surrounding the statutory agencies with respect to deregulation and contracting out and local government reorganisation.
- The *impact of recession* and the *'Peace Dividend'* were cited by a number of employers as key factors underlying changes in products and markets. While instrumental in the contraction of some markets/products, recession had also generated new markets - such as debt counselling for the banks.
- Only large and medium size employers identified deliberate *business strategy* as a factor prompting reorientation of products and markets. Similarly, *long-term R & D* and *other investment* and introduction of *new equipment* was virtually confined to the large employers.
- A couple of interviewees pointed to *growing environmental awareness* as a specific factor underlying the development of new products.

Impact of changes on HRD activities: Changes in products and markets had *impacted on HRD activities* in a number of ways:-

- More *thorough training* (often of a very specific nature) was the most common response.
- There is a growing emphasis on *customer care* and *marketing skills* - evident across all inustrial sectors.
- A tendency emerged for *training activities* to focus on *management*, *financial control*, *computing* and *negotiating skills*.

Greater *customer cost consciousness* and an increasing emphasis on *consumer rights* had prompted these changes. Medium size organisations were most likely to point to a need for *greater quality control*, often associated with enhanced *flexibility*. In numerical terms, the changes more often resulted in *job losses* and/or *redundancy* - particularly among larger firms, than engagement of *more staff*.

In many organisations it was claimed that the changes identified had had an all-pervasive impact, affecting *all staff*. In only a minority of cases was it suggested that *specific occupational groups* had borne the brunt of the impact.

Influence of external organisations on HRD activities: *External organisations* (of various types) had influenced the development of HRD activities in virtually all organisations over the past five years:-

- *Product/industry federations/organisations* and *professional associations* emerged as having the most impact across a wide spread of industries and size categories.
- *Government departments* also played a major role - not only in those organisations undertaking specific product contracts for the Ministry of Defence, but also through health and safety legislation on a wide variety of industries.
- *Trade union* influence was confined to large and medium size organisations, and a tendency emerged for such influence to be regarded less positively (and in a couple of cases overtly negatively) than that from other sources.
- *Industry training boards* were mentioned by a minority of employers - but always in positive terms.
- *Others*: One interviewee prefaced his comments with the comment that the *customer* had the overriding influence (a sentiment that would probably have been endorsed by many others, if given the opportunity). One respondent identified the *TEC* as having influenced HRD activities.

It was through *setting standards/procedures* that external organisations most commonly influenced HRD activity. Often the exercise of such influence was associated with *spot checks*, *quality and safety inspections*, and *provision of qualifications/awards*. In some large and medium size organisations their influence extended to *specific ways in which jobs were done*. In other instances *specific courses* were run, or the role was *advisory* only - perhaps with recommendations/guidance on appropriate training courses/providers. A decline in the influence of trade unions was evident, with only three of the thirty-five interviewees identifying specific union influence with regard to *pay* and *working conditions*. The influence of external organisations on HRD activities often extended to *all staff*, although in some instances various specific occupational groups were identified as the main targets.

b. The internal business environment

Changes in the internal business environment: In virtually all instances, there had been changes in the *internal business environment* (i.e. within the organisation) which had led to changes/developments in HRD activities, alongside those in the external business environment identified above.

- *Computerisation* emerged as the dominant trend - affecting a wide range of functional areas across all industrial sectors and size categories.
- The second most commonly cited trend - again evident across all industry sectors and size categories was *wide scale restructuring*. Such restructuring took diverse forms: while some organisations reported a trend towards *centralisation*, others identified a trend towards *decentralisation* - often involving a *flattening out of management structures* and *devolution of responsibility* to *more cost centres*. In some organisations there had been overall *growth*, whereas in others the emphasis was on *rationalisation*. Some large employers has adopted *Total Quality Management* and *cell manufacture*.

Factors prompting changes: Internal organisational changes had most frequently been prompted by factors similar to those mentioned in the discussion of the external business environment, such as:-

- *market expectation*,

- to promote of the *quality of the product/service*,
- to enhance *efficiency* and *control costs*.

***Consequences of changes for HRD activities*:-**
- A feeling emerged, especially amongst older interviewees, that there had been a degradation of the value of people in favour of the value of quality and cost control.
- In other instances, respondents claimed that the changes identified above had been associated with the development of a *new training strategy/culture* and *more* and *better quality training*.
- While changes had resulted in an emphasis on *multiskilling* in some organisations, in others there had been an emphasis on *deskilling* - with both trends often being associated with *regrading/movement of staff*.
- There had been greater demands for *new technology training* across all industry and size categories.
- In a number of large and medium size organisations internal organisational changes were cited as being associated with *improved communication* and *opening up of management functions*.

In the overwhelming majority of cases changes in the internal business environment had impacted upon *all staff*.

c. Conclusion

Overall, the picture emerging is one of widespread change in the external and internal business environemnts within which organisations operate. Only in a few of the older, more traditional industries had there been a relative absence of change. While it is possible to identify some common trends - such as an increasing emphasis on customer care, the impact of legislative changes and a renewed emphasis on training; other changes were felt in more diverse, and sometimes contradictory ways. The interactions of various trends and associated responses in specific organisational contexts means that it would be very difficult to categorise employers into a small number of identifiable types.

5.2 Skills Requirements

a. Factors affecting skills requirements

***Factors affecting recent/current skills requirements*:-**
- The *changes in products and services* outlined in Section 5.1 were amongst the key factors affecting firms' requirements for *different types of skills* over the previous five years.
- Other factors already identified which also had an imapct across all indutries and size categories were *computerisation*, *legislative changes* and *increased competition*.
- All types of employers identified a growing need for *'soft skills'* - encomapassing *personal social skills*, *people management skills*, *customer care skills*, *assertion* and *negotiating skills*.
- Many employers felt they needed a *wider cross-section of skills*; reflected not only in employment of occupational groups not previously used, but also in the need for *flexibility* and *'all rounders'*.
- By contrast, only two interviewees felt that the changes experienced at their organisation had led to concentration on a *narrower range* of skills.

***Factors affecting future skills requirements*:** Most respondents felt that the same mixes of key factors which had affected the firm's requirements for different types of skills over the last five years would continue to have an impact over the next five years. However, a number of other factors were mentioned:-
- Some envisaged *technological change*, and *product* and/or *market re-orientation* having some impact.

- A number of employers with connections with defence industries mentioned *international collaborative ventures* as a key factor influencing skills requirements, and an associated need for *languages*. Only one interviewee mentioned the need for increased language training as a factor associated with efforts to compete in international markets.
- Other factors mentioned were the possible impact of the *Citizens Charter*, and the increasing need for *innovative thinking*.

b. Skills gaps

Key findings:-

- Nearly thirty out of the thirty-five interviewees were able to identify occupations where *skills gaps* were currently experienced.
- In a number of cases it was felt that it may be more accurate to label such gaps as *attitude/cultural gaps*, rather than as skills gaps.
- Identified skills gaps most commonly featured middle and senior management, professional (particularly engineering) or sales staff, although a range of very specific skills were also identified.
- There was also some concern expressed about the low level of skills of school leavers and semi-skilled staff.

Overcoming skills gaps:-

- Only 20 per cent of respondents felt that *more people* would be required to fill the skills gaps identified. All of these represented small or medium size employers and in most cases only a handful (less than ten) more staff would be required.
- In most instances the skills were required *now*, although a number of other employers forecast skills gaps "when there is a recovery".
- When asked *how the firm was proposing to meet skills gaps* a clear emphasis on *retraining/upgrading/multi-skilling of existing staff*, rather than new recruitment, emerged. Any new recruitment undertaken was likely to be *targeted* on particular groups.
- One traditional small employer indicated that there were plans to introduce an apprenticeship scheme in 1992.
- *Pay measures* or *changes in employment conditions/facilities* (e.g. the introduction of creches) were mentioned by a minority of respondents only.
- Across all industries and size categories there was recognition of the need to *retain* good trained *staff*.
- One small company seeking to expand was proposing to meet its needs *from those made redundant locally*.

c. Conclusion

It is clear that the majority of organisations had experienced changes in their skills requirements over the last five years and expected a continuation of similar processes over the next five years. The over-riding emphasis was on meeting new skills requirements through training existing staff, rather than through widespread hiring and firing. The majority of employers identified some current skills gaps, and it is likely that such gaps/shortfalls will become increasingly widespread and severe in an economic upturn.

5.3 Training Strategy/Plans

Existence of formal training strategies: Nearly three-quarters of organisations represented in the in-depth interviews had a *formal training strategy*. The likelihood of having such a strategy declined with employer size: only one of the large employers had no formal training strategy, and medium employers were more likely to have strategies than small ones. However, within each size category - and particularly within the medium and small categories - there was a substantial range of experience as regards the nature and sophistication of the strategy.

Development of formal training strategies: Considerable diversity emerged in accounts on the *way in which the training strategy was developed* and *who was involved*. In the majority of large organisations the training strategy was the responsibility of a specific *Training Manager* or *Training Department*. In medium size and small organisations the strategy was more likely to be *imposed by head office* or to evolve in some *ad hoc* fashion. Hence a desire on the part of the TEC to influence training in medium size and small companies may conflict with head/regional office imposition of training strategy. In some large organisations the responsibility for training strategy was devolved to specific departments. The likelihood of training strategy being developed and reviewed on a regular cycle, involving professional bodies and exernal consultants, and being closely tied to skills supply strategies was greatest in large organisations.

Factors shaping training strategies:-

- The most frequently cited *factors involved in shaping the training strategy* were *external business factors* (in particular, customer requirements), *internal business factors* (notably profit margins), and the *training culture* of the organisation.
- *Personal development* factors were also mentioned by a number of employers from all industries and size categories.
- Only a minority identified such factors as *new technology*, *legislation* and *tackling skills gaps* as key factors in moulding the training stategy.

5.4 Identification of Training Needs, Appraisal of Training Proposals and Evaluation

a. Identification of training needs

Methods used to identify current training needs:-

- Approximately three-fifths of the organsiations represented used *formal appraisal systems* to *identify the training requirements of existing staff*. Outside the large organsiations, such formal appraisal systems were less likely to cover all staff - in some cases being restricted to senior staff only.
- *Audits/assessments of needs* were undertaken in two-fifths of the organisations.
- *Practical/written tests* were used across all establishment size categories, but were more likely to be used in a production than a service context.
- There was greater reliance on *observation* (often by line managers) in medium size and small firms than in large organisations.
- *Self-appraisal/referral* was another commonly used mechanism identified across all industries and size categories.

Identification of future training needs: With regard to the *identification of training requirements arising from future skills needs and gaps*, no simple pattern of methods used emerges:-

- *Training needs analysis* is used by a minority of large organisations, but is even less likely to be used by medium size or small employers.
- Firms from all size categories rely to some extent on articles in *professional/trade journals* and/or *guidance from professional bodies*.
- Medium size and small employers are relatively more reliant on *advice from headquarters* and *manufacturer developments* (particularly in the motor trade) than large firms.
- A minority of large and medium size firm engage *consultants* to identify training requirements.
- While in some instances future skills needs and gaps are identified systematically from *new business initiatives/plans*, a substantial minority - even of the large organsiations -a appear to rely on *"finger in the air"* techniques (i.e. *guesswork*).

Identification and assessment of training delivery:-

- *Personal contacts*, *mailshots*, *trade magazines* and *professional/industry organisations* emerged as the main reference points used in *identifying and assessing training resources available*.
- Medium size and small firms place greater reliance on *headquarters*, *manufacturers* and *materials suppliers* than large organisations.
- Specific mentions of direct links with *colleges* or of the *influence of TEC meetings/visits* were confined to large employers.
- The role of the TEC in providing information is one which many employers would like to see extended (see Section 6.2).

b. *Costs and benefits of training*

Costing training: Interviewees were asked what *specific cost items* were *taken into account in calculating the costs* of *on-the-job* and *off-the-job training*:-

- Specific cost items identified included *employee time*, *trainers time*, *training facilities and equipment*, *course fees*, *travel and subsistence costs*, *management time* and *materials used*.
- Two-thirds of repsondents did not bother to cost any elements of *on-the-job training*. This was coupled with a disinclination of some interviewees to view on-the-job training as *training*, despite the prevalence of on-the-job training as the main method of training at many establishments.
- Only two of the employers represented (both of them small firms) costed all the items identified, and one of these also costed *opportunities foregone in seeking business* by undertaking such training. A minority of respondents costed only some of the items - the most favoured one being *employee time* and *trainers' time*.
- By contrast, one-third of organisations represented costed all component items in *off-the-job training*, and only three employers neglected to calculate any costings. *Trainers time*, *training facilities and equipment*, *course fees*, and *travel and subsistence costs* were costed by approximately one-half of those employers calculating off-the-job training costs; other items were included by a smaller proportion of employers.
- It would be difficult to monitor/compare such training costs over time because of the widespread variations in practice of items included/excluded in the calculations.

Benefits of training: There emerged a widespread realisation of the need for training to remain competitive, and recognition of many and diverse *benefits from training*:-

- The most frequently cited benefits of training were *cost-effectiveness/efficiency*, *skills acquisition and updating*, *individual effectiveness* and enhanced *confidence, satisfaction, motivation, morale* and *loyalty*.
- Two respondents identified *market acceptance* as a key benefit - arising from the *expectance* for training on the part of the market.
- Other sentiments expressed were that it was impossible to identify or measure all the benefits of training, and that "training is only ever as good as the follow-up provided".

Assessment of benefits:-

- The vast majority of interviewees claimed that some *measurement* or *assessment of the benefits associated with training* was undertaken in their organaisation. However, with notable exceptions, there was a *lack of formal evaluation* of training and its implications.
- The preferred assessment method was *evaluation/observation of individual performance by line managers*, using *measures* such as *output quality*, *error rates* and *productivity*.
- In some organisations *written and/or practical tests* were undertaken.
- In a substantial minority of organisations measurement/assessment of training benefits was confined to completion of *training appraisals by trainees*.

c. Choice of form of training

In *choosing one particular form of training over another*, respondents usually mentioned a *mix of factors* as playing a role in the selection process. The three most commonly cited factors were:-

- *costs* (although a minority specifically mentioned that costs were *not* a factor),
- *whether* the training *course content met company needs*,
- the need to curtail *disruption*.

Other important factors mentioned by several employers were training *availability*, *timescale*, *custom and practice*, *access*, *flexibility*, the *quality of training* and *providers' credibility*. Some respondents indicated that the weight accorded to the various factors was likely to vary with *trainee group characteristics* and the *numbers involved*.

d. Conclusion

Overall, there emerged a perceived *need* for, *positive attitudes* towards, and recognition of the *benefits* of, *training* - at least in certain parts of some organisations; often in contrast with relatively low budgets set by many of these same organisations. There was considerable diversity, and varying degrees of formality, in methods of identifying current and future training requirements, and in whether and how training was costed and evaluated; reflected in a tendency to *train* without always knowing why (indicative of a lack of clear training objectives).

6. TEC AWARENESS

6.1 Levels of Awareness

Analysis of the results of the postal survey revealed that overall 69 per cent of employers were aware of the existence of the TEC. Awareness levels varied by establishment size: while 100 per cent of large employers were aware of the existence of the TEC, the respective awareness levels amongst medium and small employers were 81 per cent and 62 per cent.

Amongst those employers who were aware of the existence of the TEC, one-tenth were *very familiar* with TEC activities, one-third *knew something*, one-quarter had only a *general knowledge*, and slightly over one-third *knew nothing* about the TEC. The extent of familiarity with TEC activities declined with establishment size. Table 6.1 shows that while approximately one-third of large employers were *very familiar* with TEC activities, only one-tenth of medium employers claimed such detailed knowledge. Two-thirds of medium employers *knew something* or had a *general knowledge* of TEC activities, while two-thirds of small employers claimed *no* or only a *general knowledge*.

Table 6.1

Extent of familiarity with TEC activities

Familiarity	Large (%)	Medium (%)	Small (%)	ALL (%)
very familiar	30.4	10.5	6.6	9.4
know something	34.8	43.4	26.0	30.8
general knowledge only	30.4	43.4	26.0	30.8
know nothing	4.3	21.1	44.8	36.4

Of those employers who were aware of the existence of the TEC, 10 per cent reported that they had been in contact with the TEC; although proportions having such contact varied by establishment size from 71 per cent of large employers, to 31 per cent of medium employers and 10 per cent of small employers.

Information was collected on whether respondents to the postal questionnaire had seen any *adverts/literature about the TEC*, and if so, the *sources* of such material. Overall, 60 per cent of employers claimed not to have seen any adverts/literature. The respective shares for large, medium and small employers were 4 per cent, 58 per cent and 66 per cent - indicating that too date targeting of large employers has been most successful. For those employers who had seen adverts/literature about the TEC, Table 6.2 shows the *penetration rates* of different media sources by establishment size. Overall, *mailshots* appear to have been most successful, closely followed by *local newspapers* and *television*. Penetration rates decline with establishment size, but there is no evidence for any systematic variation in rates of success of different media forms by establishment size.

Table 6.2

Penetration rates of TEC adverts/literature by source

Source	Large (%)	Medium (%)	Small (%)	ALL (%)
television	48	24	13	18
local newspaper	48	23	16	20
national newspaper	48	17	9	13
local radio	0	7	3	4
local radio	0	7	3	4
mailshots	52	31	15	21
college/business contacts	32	13	7	10

One-third of respondents to the postal survey indicated that they would like to find out more about the activities of the TEC. Interest was greatest amongst large employers, with two-thirds expressing an interest in finding out more information. One-half of medium employers would welcome more information, compared with just over one-quarter of small employers.

Overall, 20 per cent of employers thought the TEC would have some impact on their training. Again, the familiar pattern of variation by employer size is evident, with 63 per cent of large employers considering that the TEC would have an impact on their training, compared with 37 per cent of medium employers and only 9 per cent of small employers. To some extent this reflects the greater propensity of larger employers to undertake training, but it is probably also indicative of a feeling amongst some small employers that the TEC is not relevant to them.

6.2 TEC Activities

More detailed information about the role of the TEC in providing *general information* to employers, and *specific activities* in which a TEC lead/presence would be welcomed, was collected through in-depth employer interviews.

As regards *general information*, the most common request was for the TEC to provide information on *training opportunities and courses*. There was a demand for such information from large, medium and small employers. The second most frequently expressed desire was for the TEC to play a role in *dissemination of employers' good practice*, perhaps coupled with *comparative information on training budgets* - for use in lobbying for more expenditure on training (particularly in the more "old-fashioned" family-based firms).

While some of the employers interviewed were well-informed about TEC services and expressed positive feelings about the TEC, a relatively widespread and pronounced lack of knowledge and confusion about what Gloucestershire TEC is able and prepared to offer, and an undertone of suspicion about the antecedence and the orientation of TECs, was also evident. This was reflected in the demands from some employers for the TEC to provide *financial grants* for training, while others would welcome assistance in preparing applications for funding for training. Amongst medium-sized employers, in particular, there was a perceived need for *all-inclusive information on the TEC and TEC services*.

There was some demand for information on *local economic trends* - particularly from medium-sized and small employers. In some instances, a request for such information was coupled with a desire for a *list of skills available*. A small minority of those interviewed thought more *general economic and industrial information* would be useful, as would information on *legislative changes*.

Despite some consensus emerging about general information which the TEC could provide, a strong tendency was evident on the part of many interviewees to consider their establishment/organisation as *special* or *different*. In some instances this was associated with a feeling that TEC activities could not meet their individual needs - perhaps because they operated in a national or international marketplace, because the industry was very specialised, or because they already had all the information they needed.

In responses to a question on whether there were any *specific activities* in which the employer would like the TEC to become involved, this feeling of being *special* or *different* was, in most cases, reflected in responses such as *none*, *cannot think of any*, or (in one instance) "we *want to be left alone*". More positively, some demand emerged - particularly among the larger employers - for a *networking forum* for exchange of views/experiences. Others wanted much more focused action (as exemplified by the respondent who stated "we don't want buffets, we want action"), including *helping businesses to develop their own training facilities*, *specialist advice* services, *external expertise on training processes*, provision of *help with access to training grants/schemes*, and *business presentation skills*. Other respondents expressed a need for the TEC to *promote involvement with schools*, while two of the large employers felt there was a need to *improve the consistency of TEC services*.

From a geographical perspective, a couple of employers from the Forest of Dean felt the Forest was currently "left out", and that scope existed for greater involvement of Forest of Dean employers. Other employers outside the main urban centres of Gloucester/Cheltenham felt that a perceived "domination" by Gloucester and Cheltenham employers would weaken their desire to become involved in activities organised by the TEC.

7. KEY ISSUES ARISING

7.1 Methodological Issues

A number of issues relating to the *methodology* used in the employer surveys deserve particular comment/consideration in the light of the experience of undertaking this project. These issues relate to the *derivation and choice of a sampling frame*, the *co-ordination of approaches to employers* for information, use of a *postal* (as opposed to a telephone/some other type of) *survey*, and the specific *content, length and presentation of questionnaire schedules*.

One of the first tasks undertaken in this project was the *derivation of a population of employers* for use as a *sampling frame*. In this instance, the BT CIB database was used. At the outset a decision was made not to exclude any categories of employers/establishments from the sampling frame - on the basis that skills may be gained in a wide variety of different contexts. Hence, all industrial sectors and all size categories - from the self-employed to the largest establishments, were included in the survey. This means that the results from the postal survey described in Sections 3 and 4 are not directly comparable with other surveys which exclude the self-employed and the smallest establishments, or certain industrial categories (for example, agriculture). Moreover, some of those establishments included in the sample were voluntary organisations (with no or few employees - as opposed to volunteers). Inclusion of voluntary organisations may be questionable, although it emerged that some of these organisations provided training (for example, in counselling skills), which may be used in other contexts.

From an *operational perspective*, supply of the employer database in hard copy form caused delay in identifying the sample of employers and offered potential for introduction of errors into the database. In future it is recommended that data are provided in *machine-readable form* whenever possible.

The setting up of a single comprehensive and up-to-date computerised employer database, and *co-ordination of approaches to employers*, would considerably ease problems in undertaking employer surveys. The quantity and quality of the information collected from the postal survey (but probably not the in-depth interviews - since those unwilling to participate were not visited) was compromised by the fact that a number of other employer surveys (under the auspices of the TEC, the County Council and other organisations) were being undertaken contemporaneously or had recently been completed.

A *postal survey* was selected as the preferred method for collecting information about training on the grounds that the nature of the information sought was such as to require a method that allowed respondents the opportunity to collect and collate information, refer to relevant departments, and liaise with colleagues. (By contrast, in a telephone interview an immediate response is required). However, the response rate to the postal survey (see Section 2.3) was somewhat disappointing, and the *time taken* for respondents to complete and return a postal questionnaire should not be under-estimated. Undoubtedly, a number of different factors may be identified as influencing the relatively low response rate - including the demands made on employers from other surveys (see above) and the length and complexity of the questionnaire schedule (discussed below). It is difficult to assess to what extent the response rate would have been different had a telephone survey been undertaken instead of a postal survey.

As regards *length*, *content* and *presentation* of the schedule, on the basis of feedback from actual and potential respondents, it is clear that it is essential to ensure that questionnaires are as *short*, *clearly presented* and *uncomplicated* as possible. Moreover, there is much to be gained from attempting to make a questionnaire as *relevant* as possible for respondents. In the case of a questionnaire targeted at a wide audience, this may mean providing different examples for different categories of respondents and perhaps using different terminology or even different questions for various sub-groups. Care also needs to be exercised with regard to the *title*: the title 'Training in Gloucestershire' used in this instance was considered irrelevant by some of those not undertaking training.

It is hoped that some of these issues may be taken on board in future work undertaken by/for Gloucestershire TEC.

7.2 The Changing Business Environment and Implications for Skills Requirements

The *business environment* in which organisations and establishments operate is *continuously changing*. While the impact of change is particularly harsh for some at particular points in time - for example, rationalisation in the defence industry, few claim to be immune from any external or internal changes (see Section 5.1).

Changes in the business environment tend to affect *all staff*, although the extent and type of impacts may vary between occupational groups. From the information gathered in the in-depth interviews, it is clear that changes in the business environment most commonly impacted on HRD activities through a *renewed emphasis on training* and increases in the demand for *customer care skills* and *enhanced flexibility*. *Legislative changes* emerged as one of the key factors in the changing business environment, and although having an influence on all industrial sectors the impact tended to be greatest in public services. Overall, however, the complex nature of changes, and interactions between them, means that it is difficult to categorise employers into a small number of identifiable types. This is likely to make the task of the TEC in *targeting* employers influenced by similar factors and/or sharing similar experiences more difficult.

In terms of *skills requirements*, changes in the business environment have tended to emphasise *flexibility*, and to increase the demand for *customer care skills*. The tendency is for a *wider range of skills* to be employed at most establishments. Even in relatively depressed conditions, many employers were experiencing *skills gaps*, and it seems likely that existing gaps would be exacerbated in an economic recovery and new ones emerge. The evidence suggests that greater emphasis is placed on meeting skills gaps by retraining/up-grading/multi-skilling of existing staff, than on new recruitment (thus limiting openings to new entrants from the external labour market).

7.3 Training

There is a wide *diversity* in the *training strategies/plans* currently used. The likelihood of a *formal* training strategy existing declines with establishment size, although some small firms were found to have well-developed strategies. TEC influence on training strategy in medium size and small establishments may conflict with relationships with head/regional offices and possible imposition of strategy from such a level. However, there would appear to be a role for the TEC in providing information on *training resources available* across the establishment size range.

With regard to the *costs of training*, survey results indicate that approximately twice as much is spent per trainee by large employers as by small employers. While this may provide some indication of differences in the relative quality of training the TEC, it may also (at least in part) reflect the fact that more induction training tends to be undertaken at large than at small establishments - perhaps suggesting that there may be more scope for increasing training levels in large establishments than hitherto recognised.

The TEC is likely to face problems in *monitoring* and *comparing* the costs of training over time. Such problems stem not only from the widespread variations in the practice of including/excluding certain items in the calculation of costs, but also from the fact that some establishments have difficulty providing information on training budgets at the establishment (as opposed to the organisational) level. Moreover, it is difficult to propose any clear guidelines with regard to the appropriate level at which to seek information in a multi-site multi-level organisation; in some organisations the tendency has been towards decentralisation of training budgets, while in other the opposite trends applies. In future studies, it may be necessary to tackle each establishment/organisation on a case by case basis in order to identify the most appropriate level/respondent at which to direct requests for information.

There would appear to be a role for the TEC in providing *good practice guides* on *costing training*; alongside an *evaluation* guide - which could be used by the TEC/managers/others to demonstrate the *effectiveness* of training in a cost-benefit context.

7.4 TEC Awareness and Activities

Large employers are more likely to be aware of the TEC than smaller employers. Obviously, by focusing attention on large employers the TEC can attempt to influence as great a proportion of the workforce as possible, with least effort. However, thee would appear to be a case for consideration of *targeting small employers* in order to raise levels of awareness of the TEC. At the current time there appears to be a perception amongst some small employers that the TEC is more relevant to large employers than to them. On a similar theme, there is a need to ensure that the TEC is not perceived as being Gloucester-Cheltenham focused, at the expense of "leaving out" areas such as the Forest of Dean. In raising awareness levels on the TEC, past experience would suggest that it may be most effective to concentrate resources on *mailshots* and *local newspapers*.

Of those employers aware of the existence of the TEC, many only had a general knowledge of the remit of, and services provided by, the TEC; while others demonstrated an inaccurate or incomplete understanding (as evidenced by the fact that a number of employers wanted the TEC to provide them with grants for training). Hence, there is a need to *improve specific knowledge of TEC activities*, as well as for a single booklet providing an introduction to all TEC services.

As regards TEC *activities*, a focus on the production of *good practice guides* would be welcomed by many employers. Moreover, many identified a niche for the TEC in acting as a *central point* for information on training sources/activities/courses available.

8. ACTION PLAN

8.1 Employer Panel

It is recommended that an *Employer Panel* should be set up to assist in the monitoring of future training developments and the evaluation of TEC awareness and activity in the county. (Those participating in the in-depth interviews were asked whether they would be willing to become members of such a Panel. The names and addresses of those replying in the affirmative are being forwarded to the TEC under separate cover).

It is recommended that 100 of the respondents to the postal survey and/or participants included in the in-depth interviews be invited to become members of the Employer Panel. (It would be necessary to introduce new employers to the panel as original members move away/cease trading). The membership should include representatives from all parts of the county, and from all establishment size bands and broad industry groups. Participants in the Employer Panel would be sent a simple *postal questionnaire* (no more than 2 sides of A4) on an annual basis. The postal questionnaire would include a series of standard questions on employment levels, recruitment difficulties and training. It is recommended that a question be included to enable monitoring of the number of employers mentioning the TEC as an influence on HRD activities. In addition to standard questions, a number of additional questions - on topics of specific interest to the TEC at the time of the mailing, could be included within the overall space constraints of the schedule.

The postal questionnaire sent to members of the Employer Panel could also be sent to an additional 50 employers each year on a *one-off* basis. These 50 employers could be selected from a particular industrial (e.g. aerospace) or size (e.g. 25-49 employees) category of particular interest to the TEC at the time of the survey.

8.2 Training Forum

It is recommended that a *Training Forum* should be established to promote a wide ranging debate on employer investment in training in order to inform policy formulation and review. In the first instance, the principal findings of the baseline study, together with possible policy issues and choices arising, could be shared with key agents in the local economy, within the context of appraising and reviewing current policy initiatives in the skills and training field. Membership of the Training Forum should be drawn from:-

- local employers (including those involved in the in-depth interviews who indicated their willingness to participate in such a forum);
- Gloucestershire TEC;
- training providers;
- professional associations;
- trade union representatives;
- central/local government representatives.

It is proposed that discussions would take the form of a *workshop* designed to promote an interchange of ideas, and would reflect key policy decision areas of concern to the group - for example, tackling skills gaps, working towards the sharing of training facilities, women returners, etc. It is recommended that the Training Forum meet 2-3 times per year in the first instance. It would be the responsibility of the TEC to take the lead in organising the Forum, hosting the meetings and finalising the topics for discussion.

8.3 Good Practice Guides

It is recommended that the TEC publish, publicise and circulate a number of good practice guides. Priority should be given to a guides on:-

- *costing training*: identifying the different *items* to be costed, and setting out a preferred methodology for undertaking and presenting costings;
- *evaluating training*: identifying possible methods for evaluating the *effectiveness* of different types of training and demonstrating how to undertake *cost-benefit analyses* of training.

There is considerable scope for guides on other topics. Possible ideas could be discussed in the Training Forum.

8.4 TEC Information

There is considerable demand for information about the TEC and its role, and about TEC activities and services, to be presented in a single booklet. It is recommended that the TEC compile such a booklet (backed up by more detailed information sheets on specific services to be available on request) to be circulated to employers in the county.

9. REFERENCES

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APPENDICES

APPENDIX B

TRAINING IN GLOUCESTERSHIRE: IN-DEPTH EMPLOYER INTERVIEWS

Interviewer:

Date:

Interviewee:

Position:

Company:

Address:

Tel:

Fax:

A THE BUSINESS ENVIRONMENT

External Business Environment: In many organisations changes in the external business environment have played an important part in the development of Human Resource Development (HRD) policies. This section asks for brief details of the product markets in which the organisation operates, the nature of the product and the production processes so we are familiar with the context in which HRD policies have developed; and we ask specifically whether you can identify factors that have shaped the development of HRD policy.

A1 a) What is the organisation's share of the market?

b) Who are the organisation's principal competitors and what are their respective market shares?

A2 Have changes in the organisation's product markets and/or products led to developments or change in HRD activities?

Markets

Yes ☐ No ☐

Products

Yes ☐ No ☐ (Go to A3)

If yes,

a) What are these changes?

b) How have they arisen? (eg increased foreign competition, response to customer requirements)

c) How have changes impacted on HRD activities?

d) At what level (staff, management, etc) was their impact most noticeable?

A3 Have there been other changes within the industry as a whole that have had an impact on HRD activities in the organisation in the past 5 years? (eg changes in the process of production/method of distribution).

Yes [ ] No [ ]

(Go to A4)

If yes

a) What are these changes?

b) Why have they been made (e.g. industry wide application of new technology)?

c) What impact have they had on training activities?

d) For which occupations was their impact most noticeable?

A4 Have external organisations such as Trade Unions, ITBs, Professional Organisations influenced the development of HRD activities in the past 5 years?

Yes [ ] No [ ]

(Go to Section A5)

If yes

a) Which organisations have had an influence?

b) In what way have they influenced HRD activity?

c) How have they exercised influence?

d) For which occupations was their impact most noticeable?

Internal Business Environment: HRD activities may be stimulated not only by factors external to the firm, but also arise due to pressure for change resulting from the firm's current business strategy, from changes in organisation, products or production methods. This section seeks to identify the key internal factors that have influenced HRD activities.

A5 Have there been organisational changes (including specific aspects of the business' corporate strategy) that have led to development or change in HRD activities?

Yes ☐ No ☐
(Go to Section B)

If yes

a) What are these organisational changes/aspects of business strategy?

b) Why have these changes been introduced?

c) What impact have they had on HRD activity?

d) For which occupations were these impacts most noticeable?

B SKILLS REQUIREMENTS

This section seeks to identify the key issues that have impinged on the firm's skills requirements and the firm's strategy for meeting skills gaps. (**Note**: skills are defined in the broadest sense to mean any type of occupational expertise required by the organization; eg cleaning staff or specialist technical staff).

B1 What are the key factors that have affected the firm's requirements for different types of skills over the past 5 years?

Prompts

- External factors
- Internal factors

B2 What do you envisage to be the key factors that will affect the firm's requirements for different types of skills over the next 5 years?

Prompts

- External factors
- Internal factors

B3 Are there occupations where you have identified particular 'skills gaps'?

Yes [ ] No [ ]
(Go to B4)

If yes

a) In what occupations are these?

b) Will more people will be required?

Yes [ ] No [ ]
(Go to B4)

If yes

c) Approximately how many?

d) When will these skills be required?

B4 How is the firm proposing to meet this skills gap?

Prompts

- Targeted recruitment initiatives
- Changes in employment conditions e.g. flexible working hours
- Pay/incentives
- Promotion/appraisal systems
- Multi skilling/downgrading skills

C THE TRAINING STRATEGY/PLAN

This section explores the nature of training strategies or plans - what they embrace, how they are developed and by whom.

C1 Do you have a formal training strategy?

Yes [ ] No [ ]
(Go to D)

If yes

C2 Can you describe the way in which the training strategy is developed and who is involved?

Prompts

- Relationship to skills supply strategy
- Local vs HQ actors
- Role of trade unions/industrial training boards
- Youth Training/Employment Training Programmes
- Professional bodies
- Timetable, timescale and cycles involved in decision making.

C3 What are the key factors involved in shaping the training strategy?

Prompts

- Relationship to Business Plan Objectives
- Key External Business Factors
- Key Skill Supply Factors
- Role of Training Culture

D IDENTIFYING TRAINING NEEDS, APPRAISAL OF TRAINING PROPOSALS AND EVALUATION

This section asks questions about why and how the organisation decides to pursue a particular programme of activities and focuses in particular on what information is used to evaluate training provision and the extent to which costs and benefits are assessed.

D1 How are training requirements of existing staff identified?

Prompts

- Formal Appraisal Systems
- Written/Practical Tests
- Audits
- Others

D2 How are training requirements arising from future skills needs and gaps identified?

- Training Needs Analysis
- Internal or External Consultants
- Industry wide information from ITBS/Professional bodies

D3 How is available provision of training resources (courses consultants, etc) identified, and what information is used to assess alternative forms of training delivery?

D4 What costs are taken into account in calculating the costs of training for:

a) On the Job Training

b) Off the Job Training

Prompts

- Employee time
- Trainers time
- Training facilities and equipment
- External trainees and course costs
- Management time
- Material used

D5 If costs of training are recorded, how are they recorded and by whom?

D6 What are the benefits from training?

D7 Are the benefits associated with training measured or assessed in any way?

Yes ☐ No ☐ (Go to D8)

If yes

a) how is this done?

Prompts

- Written/Practical Testing
- Evaluation by line managers of changes in performance

b) What measures are used?

Prompts

- Manpower indicators - Absenteeism, dispute levels, turnover, timekeeping
- Operational indicators - customer relations, error rates, deadlines, output quality, productivity, sales volume, wastage
- Financial indicators: operating costs, profits, sales revenue and costs

D8 Who is responsible for collecting, collating and analysing information on the benefits of training?

D9 What factors are taken into account in choosing a particular form of training over another?

Prompts

- Effectiveness - measured how?
- Costs - measured how?
- Custom and practice
- Disruption
- Facilitators

E TEC ACTIVITIES

E1 What general information do you feel Gloucestershire TEC could usefully provide to employers?

- information on local economic trends
- dissemination of good practice amongst other employers
- information on training opportunities
- enterprise support

E2 Are there any specific activities which you would like the TEC to become involved in?

E3 Would you be willing to participate in:-

a) an <u>Employer Panel</u>: so that Gloucestershire TEC can turn to you in future for updated information on training indicators?

b) a <u>Training Forum</u>: to participate in discussions with other local employers, trade union and employer representatives, training providers, central/local government representatives and Gloucestershire TEC, on policy issues associated with training?

DEFINITION OF TERMS

Human Resource Development (HRD)

- the provision of wide ranging work experiences as a central element of the organisation's activities
- career appraisal
- formal, personal career development plans

Vocational Education and Training (VET)

The process and activities for acquiring the range of knowledge and skills that are related to current or future work requirements by formal, structured or guided means.

Skill Supply Strategy (SSS)

The assessment of skill needs, and the identification and adoption of methods appropriate meeting the identified needs. The essential characteristics of a Skills Supply Strategy is the matching of identified skill needs with future provision. Other then HRD and VET it also includes:

- recruitment
- compensation
- employer-employee relations
- job design
- managing employee turnover

On the Job Training

Training given in the employees normal work situation with substantial levels of supervision and where the output of products or services may be limited as the result.

Off the Job Training

Training given in your company, but away from the trainees immediate workplace. It may be formal or informal, in your establishment or elsewhere.

APPENDIX C: Establishments at which In-Depth Employer Interviews were undertaken

(Key to ***industrial types*** [for *large* and *medium* employers only]:-

1	financial services and related [Division 8]
2	public services - including private hospitals [Division 9]
3	distribution, transport and communications [Divisions 6 and 7]
4	other manufacturing, construction, public utilities [Divisions 4, 5 and 2]
5	engineering [Division 3])

Large Employers

Type	*Employer/establishment*
1	Eagle Star Assurance Co.
1	Cheltenham & Gloucester Building Society
2	Cotswold Nuffield Hospital
2	Royal Hospital, Gloucester
2	Stroud District Council
3	Royal Mail Sorting Office, Gloucester
4	Premiere Products Limited
4	ICI Fibres
5	Norville Optical Company
5	Dowty Aerospace
5	Dowty Fuel Systems
5	RHP Bearings Limited

Medium Employers

Type	*Employer/establishment*
1	Midland Bank
2	Trading Standards
2	HM Inspector of Taxes, Stroud
3	Bristol Street Motors
3	Wickes Building Supplies
4	ARC Conbloc
4	United Biscuits
4	Jeyes Limited
5	Excel Extrusions Company Limited
5	Watts Industrial Tyres Limited

Small Employers

Uplands Nursing Home
Serco Systems Limited
Cotswold Telecommunications

Other Employers

Dalcrest Limited
Tewkesbury School
Cheltenham Park Hotel
Stroud Valleys Buses
Haines and Strange Limited

Earl and Thompson Marketing
Broughton and Company
H. Gardner and Son
Barclays Bank
L & H Designs

APPENDIX D: Job Titles of Vacancies which are Proving Particularly Difficult to Fill

Sales person (mentioned 3 times)
Architechural sales person
Vehicle sales person
Technical sales staff

Building surveyor
Civil engineering technicians
Plant engineer
Approved electrician, experienced in domestic and industrial work
General worker in building and decorating

Skilled tool makers (mentioned twice)
Precision operators
Machine setter operators
Skilled moulders
Foundry workers
Skilled diesal engine fitters
Electrical engineer
Engineering staff (qualified)
Mechanics
Apprentice technicians
Contracts manager with engineering experience
Design and build project co-ordinator
Parts manager
Part time warehouse assistant

Part time staff nurse for maternity leave cover
Part time registered nurses
State enrolled nurses
Theatre staff nurse
Operating Department assistants and technicians
Medical technical officers
Laboratory technicians
Fully qualified nursury nurses

Residential day care officer
Residential night care officer
Head of special needs - teaching post

Hotel receptionist
Commis chef
Chef de Rang
All grades of chef - with experience (mentioned twice)
Chef de Partie - kitchen
Fully skilled bakers
Baker/patisserie chef
Experienced waiters/waitresses
Part time (evening)kitchen staff
Part time (evening) waiting staff

Gut room operative
Part time lecturers in business areas/accountancy
Instructors - trampolining
Computer and systems staff